

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

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CC:CORP:BO4

PLR-114418-14

Date:

August 04, 2014

Legend

Taxpayer =

Exchange =

State A =

Date 1 =

Date 2 =

Dear :

This letter responds to a March 21, 2014 letter requesting rulings under §§ 301, 305, and 562 of the Internal Revenue Code of 1986, as amended (the “Code”). The information received in that request is summarized below.

SUMMARY OF FACTS

Taxpayer, a State A corporation, is an accrual basis taxpayer that files federal income tax returns as a real estate investment trust (“REIT”) on a calendar-year basis. Taxpayer for all relevant periods represents that it qualifies as a REIT and intends to maintain such qualification. Taxpayer has one class of common stock outstanding (the “Common Stock”), which is publicly traded and listed on the Exchange. All references to “shareholders” herein refer to holders of Common Stock.

Taxpayer intends to make one or more distributions with respect to its Common Stock for the taxable years ending on Date 1 and Date 2 (the “Proposed Distributions”). Taxpayer will make the Proposed Distributions in the form of a combination of Common Stock and cash. Each shareholder will have the right to elect to receive its portion of a Proposed Distribution in the form of either 100 percent Common Stock (“Stock election”) or 100 percent cash

("Cash election"). If a shareholder fails to make a valid election, that shareholder will be deemed to have made an election to receive its portion of the Proposed Distribution in the form of 100 percent Common Stock.

While each shareholder will have the option to elect to receive cash in lieu of Common Stock for its portion of a Proposed Distribution, Taxpayer will limit the aggregate amount of cash to be distributed in a Proposed Distribution to an amount not less than 20 percent of the total value of the Proposed Distribution ("Cash Limit"). In no event will the total amount of cash available in a Proposed Distribution be less 20 percent. To the extent necessary, Taxpayer will issue cash in lieu of fractional shares of Common Stock. Any cash paid in lieu of fractional shares of Common Stock will not count towards the Cash Limit.

If for any Proposed Distribution the total number of shares of Common Stock for which an election to receive cash is made would result in the payment of cash in an aggregate amount that is less than or equal to the Cash Limit, then i) each shareholder electing to receive cash will receive its portion of the Proposed Distribution entirely in cash, and ii) each shareholder electing to receive Common Stock will receive its portion of the Proposed Distribution entirely in Common Stock.

If the total number of shares of Common Stock for which an election to receive cash is made would result in the payment of cash in an aggregate amount that is in excess of the Cash Limit, then i) each shareholder electing to receive cash will receive a prorated amount of the available cash, and will receive their remaining portion of the Proposed Distribution in Common Stock, and ii) each shareholder electing to receive stock will receive the entire Proposed Distribution in Common Stock. In no event will a shareholder electing to receive cash receive less than 20 percent of its portion of the Proposed Distribution in cash.

The total number of shares of Common Stock to be issued in each Proposed Distribution will be determined by dividing i) the total amount of the Proposed Distribution, less the amount of cash to be paid (not to exceed the Cash Limit), by ii) the volume-weighted average trading price of a share of Common Stock on the Exchange as of a to be determined date, which will be on or around the shareholder election deadline for the Proposed Distribution. Taxpayer will pay the Proposed Distribution as soon as reasonably practicable, anticipated by Taxpayer to be within two weeks following the shareholder election deadline.

Taxpayer does not currently have a dividend reinvestment plan ("DRIP") in effect, but for any shareholder participating in a future DRIP, the DRIP would apply only to the extent of the cash the shareholder would have received in the Proposed Distribution in the absence of the DRIP.

RULINGS

Based solely on the information provided and the representations made, we rule as follows with respect to the Proposed Distributions:

- 1) Any and all of the Common Stock and cash distributed in a Proposed Distribution by the Taxpayer, will be treated as a distribution of cash and property with respect to its stock to which section 301 applies. §§ 301, 305(b)(1).

- 2) The amount of the distribution of Common Stock will be considered equal to the amount of cash which could have been received instead by such shareholder. Treas. Reg. §§ 1.305-1(b)(2), 1.305-2(b), Ex. 2.
- 3) The terms of the Stock and Cash Distributions, as described in this letter, will not cause the Stock and Cash Distributions to be considered preferential under section 562(c). Accordingly, if, under those terms, a shareholder receives a combination of stock and money that differs from the combination received by another shareholder and if the fair market value of the stock on the date of distribution differs from the amount of money which could have been received instead, those differences will not cause the distribution to be considered preferential under section 562(c).

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is expressed with regard to whether Taxpayer qualifies as a REIT under subchapter M of the Code.

PROCEDURAL STATEMENTS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number (PLR-114418-14) of the letter ruling.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Pursuant to the power of attorney on file in this office, a copy of this ruling letter will be sent to your authorized representative.

Sincerely,

Marlene P. Oppenheim
Senior Counsel, Branch 5
Office of Associate Chief Counsel (Corporate)

cc: